THE NEW YORK TIMES, TUESDAY, MAY 18, 1982

Nations Seek Stability For Dollar, Economies

By PAUL LEWIS

Special to The New York Times

PARIS, May 17 — The United States and other major industrial countries are near a new monetary agreement that would stabilize the dollar's value in currency markets and provide for tighter coordination of economic policies, officials close to the negotiations said today.

These countries hope to complete the pact at the economic summit meeting that starts at Versailles June 4. The meeting will be attended by President Reagan, President François Mitterrand of France, Chancellor Helmut Schmidt of West Germany and the Prime Ministers of Belgium, Britain, Canada, Italy and Japan.

The essence of the emerging accord, the officials said, is a bargain between the United States and the seven other countries attending the Versailles talks.

The Reagan Administration, they said, will reconsider its previous policy of letting the dollar float freely in currency markets and perhaps will offer to intervene to smooth out its fluctuations. In return, they said, the other countries will accept stricter international surveillance over their economic policies, probably within the framework of the International Monetary Fund.

The goal, the officials explained, is to promote a closer convergence between the economic policies of the major industrial nations, making violent currency swings less likely and reducing the need for the United States to manage the dollar's exchange rate.

The new agreement expands a similar accord that was adopted at the first Western economic summit meeting, held at Rambouillet, France, in 1975. The revised pact is being negotiated by the small group of senior officials who meet discreetly from time to time to prepare these annual meetings. The group is nicknamed the Sherpas, after the Nepalese porters who assist climbers trying to reach the summit of Mount Everest. The group's final round of pre-Versailles talks was held here last weekend.

The new plan is also likely to be discussed during the talks that George P. Shultz, former United States Secretary of the Treasury, will be holding with government heads invited to the Versailles meeting. He will visit them later this month as President Reagan's special envoy.

The latest Sherpas meeting made progress on policy coordination and

Continued From First Business Page

stabilizing the dollar, according to officials, but there was less agreement on what promises to be the second major topic at the Versailles meeting. This is President Raagan's call for a general tightening up on trade with the Soviet Union and its allies, notably by denying them subsidized trade credits and by limiting Western loans.

Continuing Efforts Seen

Efforts to secure such a consensus at Versailles are expected to continue over the next few weeks. If other countries finally accept the American view, the officials said, there are indications the Reagan Administration may turn a blind eye to Europe's controversial plan for importing large quantities of Soviet natural gas later this century and may lift its embargo on the export of vital American equipment needed for the proposed pipeline that is to carry the gas to Germany, Italy and France.

By offering to modify its "hands-off" policy toward the dollar's exchange rate, officials said, the Reagan Administration is trying to meet mounting European complaints that it has allowed the dollar's value to fluctuate violently in relation to other currencies, hindering trade and investment. In recent months, many European countries feel that the dollar has risen to unjustified peaks, forcing them to raise interest rates and unnecessarilly deepening the recession.

In the past, the Reagan Administration has taken the position that the dollar should be left free to find its own level in currency trading, with the Federal Reserve only intervening to steady it at moments of exceptional crisis, such as the attempt on President Reagan's life.

New Study Suggested

But the first public signs of a shift in emphasis came last week when Treasury Secretary Donald T. Regan said at a news conference here that the Administration was prepared to "look at the evidence again" and called for a new study to be made on the effectiveness of intervention in the currency markets.

In return for being more flexible about intervention, the Reagan Administration's economics team want other industrial countries to make a more serious attempt than previously to work out jointly agreed policies to combat inflation, preserve free trade and strengthen their economic structure by phasing out uncompetitive industries. Only by securing such cooperation of economic policies will the West be able to return to sustainable economic growth and bring about a permanent reduction in unemployment, officials have argued.

So far there is no detailed agreement among the eight Versailles countries on how to strengthen economic cooperation. But officials say the Reagan Adminsirtation favors stricter surveillance of each nation by its peers.

Remarks by Regan

Special to The New York Times

WASHINGTON, May 17 — Treasury Secretary Regan, just returned from meetings last week of finance ministers in Paris and in Helsinki, Finland, said today that every one of his European counterparts had complained about high interest rates in the United States. Many of them, he said, suggested a relaxation of the Federal Reserve's monetary policy to bring rates down.

Mr. Regan, meeting with a group of reporters, also elaborated on what appears to be a major shift in the United States policy of intervening in currency markets only in extreme situations.

He said there had been four occasions since the Reagan Administration took office in which the United States almost intervened — apart from the assassination attempt, when it actually did so. He said this policy of minimal intervention was being reviewed.

"We're going to surface this at the summit," Mr. Regan said, referring to the approaching Versailles conference.